

Clean Water and Flood Abatement Task Force

Tuesday, February 9, 2016

2:00 p.m. – 4:00 p.m.

Buena Vista Conference Center, Buck Library

Meeting Attendance

Task Force Members:

Present:

Senator Bryan Townsend
 Representative Michael Mulrooney
 Senator Bryant Richardson
 Representative Ronald Gray
 Secretary David Small
 Holly Porter
 Thomas Unruh
 Jeffrey Bross
 Roy Miller
 Howard Morrison
 Brenna Goggin
 Lew Killmer
 Jen Adkins
 Joseph Corrado
 Michael Riemann
 Gina Jennings
 Bruce Jones
 Paul Morrill
 Gerard Esposito
 Dian Taylor
 George Haggerty

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Absent:

Secretary Jennifer Cohan
 Sam Lathem
 William Lucks
 Christine Mason
 Patty Cannon
 Andrew Jakubowitch
 Thom May
 Gerald Kauffman
 Robert Baldwin

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Staff:

Michelle Zdeb

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Attendees:

S. Douglas Hokuf
 Edward Hallock
 Hans Medlarz
 Andrew Homsey
 Pamela Bakerian
 Kitty Holtz
 Charles Postles
 Michael Bard
 Kevin Donnelly

Organization:

NCC
 DPH
 Sussex County
 UD
 Delaware Farm Bureau
 Delaware Farm Bureau
 Farmer
 Delaware Nature Society
 Conservation District

The Task Force meeting was brought to order at 2:12 p.m.

Consideration of Meeting Minutes

Senator Bryan Townsend, Co-Chair, thanked everyone for braving the weather and their continued patience, and for coming out to our Task Force meeting. He noted the Meeting Minutes from December 17, 2015 were on the Agenda for approval. The Senator added that Michael Riemann, Delaware Homebuilders Association, sent an email requesting: “On the minutes for December, page 35, under my comment, last sentence, should read “the Transportation trust fund is a relatively simple system and it still took them 5 years to get something done with it.” Two word changes.” Senator Townsend asked if any other members had any changes. Seeing none, he asked for a motion to approve the December 17, 2015 Meeting Minutes as amended.

Representative Michael Mulrooney, Co-Chair, motioned to approve.

Lew Killmer, Delaware League of Local Governments, seconded the motion.

With all in favor the Meeting Minutes from December 17, 2015 were approved.

Group Discussion

Senator Townsend asked Jen Adkins and Paul Morrill to take the lead in discussing the documents that they submitted to the Task Force members and public, which they worked on with other members from the Task Force. He felt this would give the group a good lead into facilitating Group Discussion as they begin talking about funding. The Senator then turned the floor over to Ms. Adkins to present.

Delaware Clean Water and Flood Abatement Task Force – Summary of Funding/Financing Options to Consider/Evaluate

By: Jen Adkins, Partnership for the Delaware Estuary; Patty Cannon, Delaware Economic Development Office; and Gerald Kauffman, University of Delaware’s Water Resources Agency. Included in the presentation are examples of other states and their funding/financing mechanisms.

The presentation that Task Force members received is inserted below:

Minutes prepared by Michelle Zdeb, Legislative Assistant & Task Force Staffer

Delaware Clean Water and Flood Abatement Task Force Summary of Funding/Financing Options to Consider/Evaluate

Following are some options for generating funds for clean water projects that have come up in discussions of the Task Force:

Utility

One option for generating revenue for clean water projects is a utility (or utilities.) Utilities are entities (or “authorities”) with the authority to develop and collect new fees – in this case to fund clean water projects. Probably the most common example is the stormwater utility. Cities like Wilmington and Philadelphia already function as stormwater utilities – collecting stormwater fees to pay for storm water management. Municipalities including Newark and New Castle County have done studies on the potential for forming stormwater utilities. Kent County recently implemented a new program whereby the Conservation District functions much like a utility for managing stormwater BMPs owned by Home Owners Associations. The District (administered by the County) collects a flat fee from HOAs to manage/maintain their BMPs. There are many examples of stormwater utilities for individual municipalities, but fewer examples of statewide or regional ones. Black and Veatch completed a survey of stormwater utilities in 2014, which can be found at: <http://bv.com/docs/default-source/management-consulting-brochures/2014-stormwater-utility-survey>. Clean water funding could be generated through existing or new utilities – or some combination of both. A utility (which may or may not be a government entity) needs the ability to implement fees or taxes within its jurisdiction, which may require legislation.

Sales Tax

A sales tax is a way to raise revenue that most people are familiar with, and is a tax applied to value of items sold, collected by the entities selling them. Delaware currently has no state sales tax, while surrounding states do (See <http://www.revenue.pa.gov/FormsandPublications/FormsforBusinesses/Documents/Sales-Use%20Tax/rev-717.pdf> and <http://www.state.nj.us/treasury/taxation/pdf/pubs/sales/su4.pdf> for info on PA’s and NJ’s sales taxes. Often sales taxes are at the state level, but local sales taxes are possible as well. Minnesota has a 25-year dedicated sales tax (3/8 of one percent) for the Clean Water Land and Legacy Amendment which generates about 300 million dollars per year, about 100 million of which goes to clean water projects (<http://heliconcollab.net/wp-content/uploads/2013/06/Summary-of-the-Minnesota-Legacy-Campaign.pdf> In Oklahoma, conservation districts receive ½ of one percent from county sales tax for conservation efforts. Sales taxes can also be targeted (or exempted) for certain items; for example, Washington DC has a bottled water sales tax. Implementing taxes generally requires legislation.

Property Tax

A property tax is another way to raise revenue that most people are familiar with, and is a tax applied to the value of property, generally collected by local jurisdictions. Property taxes are generally a percentage, or “millage” applied to the assessed value of land/property. Property taxes in Delaware are collected by the counties. Governor Markell proposed the use of county property tax collection system already in place for collecting the clean water fee he proposed in 2014. Legislation drafted at that time was used as the basis for the draft legislation that has been circulated to the Task Force as a starting point for discussion. That legislation proposes rates for each county that would result in similar amounts per household (on average) across the three counties.

Water Fee

A water fee could be a flat fee per water user (household/business) or a fee based on actual water use. Basing a fee on water use would require involving water purveyors in the collection system. For example, Kansas has a clean water drinking fee paid by city water departments, rural water districts, and any other organization selling water (collectively, “public water supply systems”). That fee is three cents per 1,000 gallons of water (see <http://www.ksrevenue.org/bustatypeswater.html>). A flat fee could be collected by water purveyors, or it could be collected by the counties through the property tax system, or through some other means. To be equitable across all water users would require a comparable fee for those with wells. The Delaware River Basin Commission charges fees for large water users to cover permitting and water storage costs. There has been some informal discussion about raising DRBC fees to fund water quality improvement projects in the Basin (Delaware, Pennsylvania, New Jersey, and New York.) Raising those fees requires action by the Commissioners. The University of Delaware Water Resources Agency and The Nature Conservancy are engaging water suppliers in the Christina Basin (Delaware and Pennsylvania) to explore the potential for a water fee to support clean water projects there. Having water users pay for the costs of water quality improvements makes logical sense from an economic equity standpoint.

Gas Tax

Delaware already charges a tax on gas, and in recent years there have been proposals to increase that tax to pay for transportation infrastructure needs. When gas prices are high (as they have been in past years) such proposals are very politically unpopular, and haven’t been successful. Now that gas prices are low, there may be more opportunity for considering a gas tax. Air pollution and runoff from roadways are significant sources of water pollution in Delaware (and many other places). So having gas users pay for the costs of water quality improvements makes some logical sense from an economic equity standpoint. There may be opportunities for other specific taxes that can be related to water quality – the Clean Water Indiana program gets roughly 1/6th of the 4.22 percent cigarette tax (<http://in.gov/isda/2379.htm>). Cigarette butts are a source pollution in waterways and coastal environments.

Accommodations Tax

Delaware currently has a tax on hotel accommodations, a portion (1%?) of which goes toward state tourism efforts, and a portion of which (1%?) goes to fund DNREC's shoreline and beach restoration efforts. This tax currently does not apply to short term rentals, but there has been some discussion about extending it. So increasing or extending this fee to apply to short term rentals as well as hotel accommodations could be a source of funding for clean water projects. Much of Delaware's tourism is beach and water related. (See <http://delcode.delaware.gov/title30/c061/sc01/> for details.)

Public-Private Partnerships & Privatization

Engaging the private sector to take over certain responsibilities for providing clean water services and raise the capital needed to do so, might be another option. The idea behind these options is that by maximizing efficiency and engaging private investors, the private sector could alleviate at least some of the need for public funding strategies. There are a range of potential options, from providing limited services, to full privatization. "A [public-private partnership, sometimes called] P3 is a project in which there is cooperation between the public and private sectors in one or more areas of the design, development, construction, operation, ownership or financing of infrastructure assets, or in the provision of services." (<http://www.treasurer.ca.gov/cdiac/publications/privatization.pdf> p.8) "The term 'privatization' is most commonly used to refer to any shift of government activities or functions from a public agency to the private sector."

(<http://www.treasurer.ca.gov/cdiac/publications/privatization.pdf> p.4) There are a number of private drinking water utilities in Delaware.

Designated Funds

Unlike dedicated funding, designated funding requires action each year by the Legislature to budget funds for clean water. While dedicated funding may be ideal, Task Force members have pointed out that designated funding can be quite effective, and should not be left out of consideration. The farmland preservation program was mentioned as a successful example of dedicated funding that resulted in 10million each year for many years.

Cost Savings

Task Force members have also noted that saving money in other areas of the state's budget may provide opportunities to redirect those funds to water quality improvement. And that this should not be discounted as a potential source of funding for clean water. The Delaware Business Roundtable commissioned a report on state spending in 2015 that might be a good resource for this. That report is available online at http://www.delawarestatehouse.com/pdfs/Delaware_Final_August_28.pdf.

This is meant to capture and provide some basic information on the options that have come up at Task Force meetings so far – it's not meant to be a comprehensive inventory. Attached is a list of additional examples of clean water funding/financing mechanisms compiled and provided by Jerry Kauffman at the University of Delaware Water Resources Agency.

| Water Fund | Location | Comments | Rate | Revenue |
|---|--------------------|---|------------------------|------------------------------|
| Flagstaff Watershed Protection | Arizona | Reforest National Forest Land. Supported by 74% of Flagstaff voters. | \$25/yr | Bond = \$10,000,000 |
| Conserve to Enhance Tuscon | Arizona | Voluntary Check Box, Property Tax Surcharge | \$3.56/month | \$15,000/yr |
| Central Arkansas Water | Arkansas | Voluntary Water Bill Donation | \$0.45/month | \$996,000 |
| Murray Darling Commission | Australia | Reforestation for salinity control | \$45/ha/yr | |
| Alcohol Beverage Tax Surcharge | California | Link between alcohol hops and agricultural water use | \$0.01/bottle | |
| Tobacco Tax Surcharge | California | Tobacco is an ag product with water demand and water pollution impacts | | |
| Watershed/Environmental San Francisco | California | Hetch Hetchy Reservoir serves 2.6 million customers | PUC Budget | \$5,000,000 |
| Truckee River Fund | California, Nevada | \$340,000 initial contribution by truckee Meadows Water Authority | 2% of annual budget | \$9,200,000 |
| Denver Water Forest to Faucet Partnership | Colorado | Cost share with US Forest Service to restore headwater forest watersheds | \$0.04/1000 gal | \$16,500,000 |
| Healthy Rivers Fund (CO Water Control Board) | Colorado | Check off option on State income tax return | \$5.00/taxpayer | \$650,000 |
| Pitkin County Healthy Rivers Fund Roaring River | Colorado | Sales tax | 1% | |
| Great Outdoors Colorado | Colorado | Lottery proceeds | | FY 2000 \$44,000,000 |
| Colorado Water Conservation Board | Colorado | Severance tax | | FY 2013 \$38,444,000 |
| Bear Creek Water Quality Trading | Colorado | | \$5,000/lb P | |
| Colorado River Water Bank | Colorado | Front Range municipalities pay for Western Slope water rights | \$100-\$400/ac-ft | |
| Water Utility Bill Roundup | Colorado | | \$6.00/DU/yr | |
| Saugatuck River Watershed Compact | Connecticut | Compact of 11 towns along Long Island Sound | Fund Administrator | |
| Long Island Sound Nitrogen Exchange | Connecticut | | \$5.42/lb N | |
| National Forest and National Fund (FONAFIFO) | Costa Rica | Reforestation for freshwater supply | \$45 - \$116/ha/yr | |
| Green Credit Card Fee | Delaware | | \$0.02/transaction | |
| DRBC Water Use Charge | Del., Pa., NJ | Since 1977, DRBC imposed a use charge on water withdrawals | \$0.08/1000 gal | \$3,000,000 |
| Fondo para la Conservacion del Agua (FONAG) Quito | Ecuador | Initial funds from TNC then from electric company and brewery. | 1% water sales monthly | 6 years \$11,500,000 |
| Florida Ranchlands Lake Okeechobee | Florida | \$7 million | | \$7,000,000 |
| N. Everglades & Estuaries PES Program | Florida | \$46 million through 2016 | \$134/ac-ft | Through 2016 \$46,000,000 |
| Agencies de L'eau | France | User fees from dischargers in six water basin agencies | Fees on water bills | |
| Carroll County | Georgia | Water Utility Budget | | \$11,840,455 |
| Genossenschaften | Germany | Ruhr Water Associations | | |
| Bottled Water Surcharge Chicago | Illinois | | \$0.05/bottle | |
| Performance-based Incentives for Ag Pollution | Iowa | IA Farm Bur. \$90,000; Iowa Corn Growers \$180,000; \$978,000 grants | | \$1,250,000 |
| City of Lenexa | Kansas | Landowners with priority parcels and enrolled in NRCS cost-share programs | | |
| Crooked River Initiative Portland | Maine | | Grant/Reimbursement | \$250,000 |
| Chesapeake Bay Wastewater Restoration Fund | Maryland | | \$2.50/DU/month | \$65,000,000 |
| License Plate Fee Chesapeake Bay | Maryland | | \$25/license plate | |

| | | | | |
|---|-----------------------|--|--------------------------------------|--------------------------------|
| Potomac Water Fund | Maryland | TNC program | | |
| SRBC Water Use Charge | Maryland, Penna. | In FY11, \$590,000 from Natural Gas, \$2,700,000 from other use fees | \$0.29/1000 gal | |
| Quabbin-Wachusettts | Massachusetts | Revenue includes bond funds and ratepayer fees | | \$130,846,485 |
| Minnesota Clean Water Fund | Minnesota | Water User fees | | \$201,960,000 |
| Montana Water Project | Montana | Trout Unlimited water lease | | |
| Polders | Netherlands | Dutch Water Boards - Water Board Tax | | |
| NJ Water Supply Authority Manasquan River | New Jersey | Surcharge on water supply withdrawals | \$0.97/1000 gal | |
| Santa Fe Watershed Management Plan | New Mexico | Cost share with US Forest Service | \$0.13/1000 gal | \$200,000 |
| New York City Source Water Protection Program | New York | Revenue includes utility user fees and bonding | | \$1,500,000,000 |
| Common Waters Fund (CWF) Upper Delaware R. | NY/Penna. | | Grant/Reimbursement | |
| Regional Catchment Councils | New Zealand | Waikato-Waipaa catchment rates | \$27.73/property rate | |
| Agua Por La Vida | Nicaragua | Constructs sustainable water systems | | 6 years \$7,100,000 |
| Upper Neuse Clean Water Initiative Raleigh | North Carolina | Watershed protection fees in Raleigh and Durham | \$0.40/month/hh | \$400,000,000, \$2,000,000 |
| Cape Fear River Water Fund | North Carolina | | | |
| Tar-Pamlico Basin Assoc | North Carolina | | | |
| Mountain Island Lake | North Carolina | Revenue includes bond funding, dedicated fee on water bill | | \$35,000,000 |
| Willamette Ecosystem Marketplace | Oregon | | | |
| Freshwater Trust Oregon | Oregon | | | |
| Eugene Water and Electric Board Mackenzie River | Oregon | Voluntary incentives program | \$1.13 (potential?) | \$225,000 |
| Blue Water Program Deschutes River | Oregon | Voluntary contribution added to water bill | \$1.60 to \$6.40/month | \$14,544 |
| Tualitin - CWS Shade Credit Program Hillsboro | Oregon | | Annual Rental (Utility to Landowner) | |
| Bull Run Portland | Oregon | | City and USFS Budget | \$500,000.00 |
| Schuylkill Action Network | Pennsylvania | Administered by Partnership for the Delaware Estuary | | \$400,000,000 |
| Chesapeake Bay Nutrient Auction | Pennsylvania | | \$2.90/lb N | |
| Rhode Island Water Board Narragansett Bay | Rhode Island | Penny per 100 gallon Aqua Fund | \$0.10/100 gallon | |
| Confederaciones Hidrograficas | Spain | Polluter Pays levies, water use charges, discharge fees | | |
| San Antonio River Water Fund | Texas | Sales tax resulted in 6500 acres protected from 2000-2005, TNC role | 1/8 cent sales tax | \$5,400,000 - \$128,000,000 |
| USDA Farm Bill Programs | United States | Soil conservation for farmers | \$125/ha/yr | |
| Salt Lake City | Utah | Operating Budget allocation | \$1.50/meter/mo | \$1,500,000 |
| White River Partnership Landscape Auction | Vermont | Grant funding from USDA NRCS and Forest Service. | | |
| Lake Whatcom Watershed Bellingham | Washington | Voter approved sales tax | \$5/mo + \$0.64/100 cf | |
| Cedar River Watershed Seattle | Washington | Voter approved sales tax | | \$82,000,000 |
| Lake Whatcom Bellingham | Washington | | \$5/month+\$0.64/CCF | \$1,807,142.86 |
| Stormwater Utility Wilmington/Philadelphia | Delaware/Pennsylvania | | \$2.71, \$10.80/month | \$4,000,000- 20,000,000 |
| H2O Score | Wisconsin | Voluntary reductions matched by local businesses | \$.01/gallon | |

Questions asked during the presentation:

Ms. Adkins informed the Task Force that her group volunteered to research this information; that she worked on compiling the list of possible funding/financing with Ms. Cannon and that Mr. Kauffman prepared the table at the end of the documents of other examples that already exists in other states. She further mentioned that this list was to give brief descriptions of possibilities to find what is and what is not acceptable from the Task Force. She noted that she also provided links in the presentation for members and the public to get more information and examples of the different funding options. She further noted that there was a misspelling in her documents under the subtitle of **Designated Funds**, in the last sentence: “The farmland preservation program was mentioned as a successful example of ~~dedicated~~ designated funding that resulted in 10million each year for many years.”

Ms. Adkins then asked if there were any questions or if we should proceed with the next presentation on funding.

Senator Townsend asked the members if they had specific questions related to this presentation. If not, he requested we go to the broader topic of Paul Morrill’s presentation. Seeing none the Senator turned the floor over to Paul Morrill for his group’s presentation.

Clean Water Task Force – Proposed Governance and Funding Outline

By: Paul Morrill, Committee of 100; Jeffrey Bross, Water Infrastructure Advisory Council; Gerard Esposito, Delaware State Chamber of Commerce; and Joseph Corrado, Delaware Contractors Association. Included in the presentation are the Delaware Water Infrastructure Advisory Council Members (Delaware’s WIAC Members).

The presentation that Task Force members received is inserted below:

Clean Water Task Force – Proposed Governance and Funding Outline

Create a Clean Water Trust Fund, with dedicated revenues, which has bonding authority and under whose aegis the Water Infrastructure Council (WIC) [*currently the Water Infrastructure Advisory Council*] establishes a project prioritization system it then uses to approve water infrastructure and conservation projects in furtherance of a Clean Water Plan approved by the General Assembly.

I. Governance

The Clean Water Trust Board of Directors establishes and manages overall fiscal policy of the Clean Water Trust, sets bonding limits, and provides general fiscal guidance to the Water Infrastructure Council. The Board of Directors consists of the Secretary of Natural Resources and Environmental Control, the Secretary of Finance, and a citizen with financial expertise to be appointed by the Governor and confirmed by the Senate. A Trust Fund Administrator appointed by the Secretary shall serve as an Ex Officio member of the Board.

The Water Infrastructure Council (WIC) is a corporate entity operating within the Clean Water Trust Fund. The WIC prioritizes water infrastructure projects in accordance with a plan and prioritization

process approved by the General Assembly. With overall financial constraints imposed by the Clean Water Trust Fund Board, the Council shall have the authority to approve water conservation and water infrastructure projects consistent with the approved Clean Water Plan and prioritization process. The Council shall also have the authority to create projects in furtherance of the Plan, to solicit private investment, and to create subsidiary entities with the ability to attract private investment.

The WIC could consist of up to 15 members, including a Chairperson, to be appointed by the Governor and confirmed by the Senate. Members shall initially be appointed to serve terms ranging from 1 to 3 years and may be re-appointed for no more than 3 consecutive terms. *[The SB 30 Task Force should determine whether the current WIAC practice of naming organizations as members should continue, whether such memberships should be term-limited, and whether the membership of the new Water Infrastructure Council should be enlarged. We recommend the addition of the Delaware Farm Bureau. See the current WIAC membership below.]*

The SB30 Task Force should consider creating the following set-asides within the WIC's authority to approve projects:

- Set-aside for agricultural conservation projects. Project list would be submitted by the Conservation Districts and NRCS to the WIC for inclusion on the priority list. Any project utilizing an additional Clean Water Fund allocation for leverage or to add funding from a different revenue source would be approved by WIC per its global prioritization process.
- Similarly, a set-aside for HSCA projects. *(Amount?)* Project list within the set-aside would be submitted through the current approval process for approval for Brownfields and other HSCA projects for inclusion on the WIC priority list. WIC would approve any additional allocation of Clean Water Fund monies for Brownfields projects in accordance with its global prioritization process, except when HSCA fund monies are pledged to the CWF for specific purposes.
- Set-aside for legislators for 21st Century-type drainage projects under \$250,000. The total set aside should be capped at the lesser of 20% of total Clean Water Fee revenue for the year or \$2 Million. Project lists approved by the Conservation Districts under the cap via their prioritization process would be added to the WIC priority project list. WIC could make additional CWF allocations to drainage projects that rank sufficiently high on its global prioritization list or approve public-private partnerships that accomplish the plan goal.

II. Dedicated Funding

A Clean Water Fee will be established by law and its proceeds dedicated to the Clean Water Trust Fund. The amount (percentage) of Departmental and WIC operating expenses permitted to be charged to the Clean Water Trust Fund will be established as part of the lockbox establishing the dedicated revenue stream. The draft legislation as of 2/1/16 limits such overhead at 5%. The Clean Water Fee will be a fixed fee, not based on usage, and will be levied on 3 classes of users: Residential, Small Business, and Business. Agriculture will be considered either Residential or Small Business use, depending on whether water is used in farming operations, and only one fee will be assessed per farm. The annual amount of the Clean Water Fee will be: Residential, \$45 (\$3.75/mo); Small Business, \$150 (\$12.50/mo); Business, \$500 (\$41.67/mo). A small business is one with fewer than 50 employees and gross receipts less than \$10,000,000. *[SB 113 and 120 adopted 2015]*

Options for collecting the Clean Water Fee:

A. Water bills and private well assessment. Fixed Clean Water Fee would be added to all public water suppliers' (municipal and private utility) bills. For water users with private drinking wells, DNREC would bill the Clean Water Fee annually using well permit data. Limit of one fee per farm. Tax intercept authority might help with enforcement. Based upon an approximate universe of 350,000 connections and wells, this option could produce an annual revenue stream of approximately \$15,750,000 at the residential fee rate of \$45.

B. Wastewater bills and septic system assessment. Fixed Clean Water Fee would be added to all wastewater bills (municipal, county, and private utility). For septic system users, DNREC would bill the Clean Water Fee annually using individual and large system septic permit data. Based upon an approximate universe of 300,000 sewer connections and septic systems statewide, this option could produce an annual revenue stream of approximately \$13,500,000 at the residential rate of \$45.

III. Bonding and Leverage

The Board of Trustees of the Clean Water Trust Fund may bond such dedicated revenues as it deems necessary and prudent. The Board may also accept recommendations from the Water Infrastructure Council to create such subsidiary corporations, partnerships, and investment vehicles as may be desirable in order to attract private investment funds or create public-private partnerships.

IV. Accountability

The Water Infrastructure Council shall submit the list of its bonded projects to the General Assembly annually for inclusion in the Bond Bill. The General Assembly shall approve the WIC prioritization process and Clean Water Plan.

The Council will develop and maintain an online record of its projects and policies and shall report annually to the General Assembly on its progress toward meeting statewide clean water planning objectives.

V. Planning

The Water Infrastructure Council shall develop an overall Clean Water Plan to achieve and maintain clean water in Delaware and shall establish a project prioritization process to implement the Plan that is science-based, financially constrained, and sustainable. The Council shall consider future O&M costs in creating the Plan and evaluating projects.

DELAWARE WATER INFRASTRUCTURE ADVISORY COUNCIL MEMBERS

Jeffrey M. Bross, P.E, Chairperson
Duffield Associates, Inc.
Appointed: March 14, 2002
Appointed as Chairperson June 10, 2015

Jeff Flynn – **City of Wilmington (D)**
City of Wilmington
Appointed: June 30, 2012
Expiration: June 30, 2015

Josef A. Burger, (Andy) – **Conservation Districts (D)**
Appointed: August 29, 2000
Expiration: May 13, 2018

Bruce W. Jones, P.E.- **American Council of Engineering Companies**
Vice President- Pennoni Associates Inc.
Appointed: June 20, 2012
Expiration: June 20, 2015

Eugene S. Dvornick, Jr. – **Town of Georgetown**
Town Manager, Town of Georgetown
Appointed: April 2, 2009
Expiration: March 27, 2016

Brian D. Marvin – **At Large (R)**
Appointed: June 23, 2010
Expiration: June 30, 2015

Jennifer A. Adkins-**Environmental Representative**
Executive Director, Partnership for Delaware Estuary
Appointed: June 13, 2012
Expiration: May 13, 2018

Hans M. Medlarz – **DE Association of Counties (D)**
Sussex County Engineer
Appointed: June 30, 2012
Expiration: June 30, 2015

David B. Baker- **Sussex County**
Appointed: April 7, 2011

Richard A. Duncan, Sr.-**Delaware Rural Water Association (D)**
Executive Director, Delaware Rural Water Association
Appt. 6/30/2013
Exp. 5/13/2018

Charles D. Anderson-City of Seaford(R)
Assistant City Manager
Appt: 6/30/2013
Exp: 6/30/2015

Lt. Col. Douglas D. Riley- Association of Public Health Laboratories (APHL)
Appt: 6/11/2014
Exp: 6/11/2017

Michael Harmer – New Castle County
Appt: 6/24/2015
Exp: 6/24/2017

Questions asked during the presentation:

Mr. Morrill gave a summary on item **I. Governance** and noted that dedicated funding is the way to go, as it is the only funding stream that you can leverage. Otherwise you are giving up the ability to leverage. He then asked Mr. Esposito to speak directly on funding and Tidewater's study on number of connections and the revenue stream it might produce.

Mr. Esposito summarized in great detail item **II. Dedicated Funding** and answered specific questions. He explained that, in his experience, trying to capture all the various kinds of systems in one place has not been done before. So Tidewater used several different data sources and Mr. Esposito is very confident in having captured all but 5% to 15% of the real world out there. The numbers in options A and B is 350,000 connections on the water side (the real number is 355,000 but he does not trust its accuracy) and that is made up of 3 big buckets:

First Bucket – the largest is about 225 Community Water Systems in the State including Artesian and Tidewater all the way down to individual communities that are regulated by a governmental entities. This equates to about 290,000 connections from Community Water Systems.

Second Bucket – included is permanent wells in the State; most are domestic and from Sussex County, so that would be about 66,000 connections from wells that have records in DNREC.

Third Bucket – is empty but would be PSC (Public Service Commission) water regulated utilities that don't have meters. There is only a small handful of these, and we do not have the numbers.

The all-in number for the water side would be 355,000 times \$45, which equals \$16 million.

On the wastewater side there are 331,000 connections in the State (Mr. Esposito feels that is a good number, as that is about the number of homes and businesses in the State). These are made up of 4 general buckets:

First Bucket – Total PSC regulated wastewater utilities. There are 7 of them, and they total about 6,000 connections.

Second Bucket – Non-PSC regulated community systems, called large communities/large systems, that have permits from DNREC, such as package plants and large septic systems. There are 125 of these systems, and they vary from small to large. We do not have the number of connections, as these systems are treated differently. Instead you would need to calculate based on size of permit. So a guess would be there are about 5,000 homes or maybe a little more.

Third Bucket – is the largest category, made up of municipal wastewater systems that have a total number of connections that are at least reported from various government sources of about 260,000.

Fourth Bucket – would be state-wide septic systems, which has a sub-bucket. The Sub-Bucket consists of an estimate from DNREC staff of 74,000 septic systems within the State. Of those only about 45,000 have permits. So depending on how you govern this and if you wanted to go after those who don't have a permit or everyone with a house who does not have a sewer system, the number would be 74,000 or 45,000 connections.

If you use the 74,000 from the sub-bucket, the all-in number for wastewater would be 331,000 times \$45, which equals \$15 million.

Senator Townsend wanted to clarify that the neighborhood of \$15 million in annual revenues should be compared to the annual need of \$100 million outlined in a prior presentation.

Brenna Goggin, Delaware Nature Society, stated it was \$15 million just on residential.

Senator Townsend asked for confirmation that this number was purely residential.

Mr. Esposito explained that he had assumed an overall rate of \$45 per connection (pure residential rate), and so if you want to adjust for the business rate it could be done, but we wanted to make it simple and make it a residential rate across the board.

Senator Townsend wanted to again note the anchor point that we are nowhere near the \$100 million need estimated per year.

Mr. Morrill stated that, keeping in mind that this fund can be leveraged, what we were looking for was to see if this still creates a credible program that is simple and direct. It was about half of what was projected with the initial bill. This is smaller and marketable, and that is the key to find a credible revenue stream. In regards to businesses, they wanted to keep them simple with a fixed fee as well. For small businesses, which are defined as business that have 50 or fewer employees and fewer than \$10 million in revenue; they would be charged \$150 per year for their annual fee. Anything bigger than those numbers, the businesses would be charged \$500 a year for their annual fee.

Mr. Bross noted that as a bench mark right now we are receiving about \$9 million a year for wastewater improvement projects, in terms of external funds coming in with a combination of federal contribution and state match. This is just for surface water and wastewater. If we had to replace those tomorrow, that's another \$18 million to come up with. This new possible funding mechanism doesn't anticipate this current one going away in regards to surface water and wastewater. So you begin to approach the \$30 million out of the total \$100 million mark for all water issues. So this is very much a compromise, whether it's an efficient compromise and turns some heads of the General Assembly. If needed you could "poke a lot of holes" in it, if you were really worried about federal funding going to \$0.

Senator Townsend questioned whether Mr. Bross meant "poke a lot of holes" as in questioning the idea that this is really going to get us where we need to go.

Mr. Bross confirmed yes.

Mr. Morrill went back on to the presentation beginning on item number **III. Bonding and Leverage** and completed the presentation.

Dian Taylor, Delaware Business Roundtable, asked Mr. Morrill to repeat his talking points on both terms limits and who the members were appointed by.

Mr. Morrill referenced paragraph 3 on item **I. Governance**, where he said the board could consist of up to 15 members and a Chairperson who would be appointed by the Governor and confirmed by the Senate members. Those members will initially be appointed in terms ranging from 1 year to 3 years so we have staggered terms, and they may be reappointed up to no more than 3 consecutive terms. We left up for discussion certain points, which is why there are in italics in the presentation. As the Council sits now there are a mixture of names and a mixture of organizations, which is something that needs to be talked through. He then used Ms. Adkins' appointment as an example. Was the Estuary the appointed agency, and did they then pick Ms. Adkins, or was Ms. Adkins chosen because of her work with her particular agency? This is why the group wanted to leave this to the Task Force, to have some conversations pertaining to this.

Mr. Bross pointed out that the Governor has some latitude, but if you look at the language that established WIAC, it lists a number of categories from which the WIAC members can be appointed, such as environment and agriculture. His selfish perspective as current Chair of WIAC is a 15 member council is getting kind of unwieldy, and 13 is still a pretty large number. Mr. Bross feels within the structure of the 13 members he could see adding a spot for agriculture interests. There are also some specific geographic representations required. The 3 counties and Wilmington are supposed to have representation. Then the balance of representation comes from the list of categories (for a lack of better term) which includes: public health, utilities, AG, environment, Conservation District, and others. However, we can be flexible here.

Mr. Morrill confirmed the same statement of WIAC being flexible and noted that if the Task Force seriously gets to that point then “they’re doing good.”

Senator Townsend stated he was going to make a joke about large groups being unwieldy (as this is a large Task Force of 30 members) *All Laighed*

Ms. Goggin questioned how non-profits would be treated. Are they considered a small business?

Mr. Morrill answered that under the regulatory flexibility act, which is actually in the definition, a small business is any non-profit or business entity with fewer than 50 employees and fewer than 10 million in receipts.

Andrew Homsey, on behalf of Mr. Kauffman, questioned if UD (University of Delaware) would be considered a large business. He mentioned in the past UD had controversy on this issue in regards to utilities.

Mr. Morrill stated under this UD would be considered a large business and would pay the \$500 yearly fee.

Mr. Bross jokingly stated they can afford it. (With other members’ statements like “There goes tuition”) *All Laighed*

Mr. Esposito clarified that the \$15 million figure was only at \$45 for everybody, not higher for UD or a non-profit, just to make the math easy for everybody right now. The Task Force can then make cuts or not, or dump the whole bucket. The farmers can live with most anything under the current proposal, so let’s dump that bucket, then you know what left and that’s how we did it.

Mr. Bross asked Mr. Esposito for a quick guess: if we apply this with \$150 and \$500, do we know what number that would generate? Approximately, another \$3-5 million?

Mr. Esposito confirmed yes, but that’s a guess. It depends on where the cutoff is. The struggle on the water systems is they are all community systems. Most of these, for example, will use the term “trailer parks” and provide water as part of rent. One way you could lose a bunch of these customers is if we decided that the landlord of the trailer park is a large business. That man/woman would get a \$500 fee and he could have 3,000 customers. So this would be a concern, but yes, \$3-5 million is a ballpark estimate.

Mr. Morrill stated they tried to keep it as simple as possible and mentioned Ms. Adkins’ presentation that there are other ways to raise revenues. We tried to let everyone know the information so there were no questions. We limited the number of fees pertaining to farmers to one fee, so they won’t get hit multiple times with fees. The same is true with businesses with multiple locations. We’re trying to be clear and present a credible program that won’t hurt everyone financially. That’s really what this program is about, and it produces that revenue stream.

Thomas Unruh, Delaware Farm Bureau, really likes this approach and thinks it's fair. He asked for clarification whether this is a matter of picking one of the two systems.

Mr. Morrill confirmed yes, essentially they are the same. It's just where we collect the fee.

Mr. Unruh thinks that the "group of four" funding plans are contributing to farmers on a fair scale. He then stated that he does not know if he can say that yet publicly. *All Laughed*

Senator Townsend said he was wondering if Mr. Unruh was going to reverse himself in the same statement. *Still Laughing*

Mr. Unruh stated he needs to be careful and retracted everything he just said. The Farm Bureau opposed the property tax and the irrigation fee, so he liked this approach and thanked them for coming to a compromise and that he really likes this. Then he turned to Pamela Bakerian and asked if he was allowed to say that. *All Laughed* He feels that everyone can come to an agreement on this but doesn't know what will happen when he gets back.

Pamela Bakerian, public for Delaware Farm Bureau, told him he's okay, just say "I'll take it to the Board."

Mr. Unruh stated "I'll take it to the Board." *All Laughed*

Mr. Morrill wanted to mention one other thing in regards to the Trust Fund: whether we do a dedicated funding stream. It is clear there are advantages of having a dedicated stream, but there is the concern that we are creating another Trust Fund and the legislature is going to find another way to rob it. It is true that you can't prevent that from happen in future General Assemblies. However, we did pass lock-box legislation last year. If it certainly does not apply to this, we should make it apply to this, so it is clear.

Mr. Morrill discussed a second element in the proposed legislation: a cap of 5 percent for operational expenses. If we recall Ms. Goggin's Draft Legislation the Task Force first looked at, the draft had that operational cost cap too. That's a strict limit, and we need to keep that in there. This hopefully would prevent what happened to the Transportation Trust Fund, where they didn't take the money away but they moved operational expenses into the Trust Fund. We want to avoid significant operational expenses cutting into a fund, so as to create a trust fund that is relatively safe and goes to the purposes we are talking about here to clean up the State's water.

Mr. Killmer asked if there would be a benefit of requiring a super majority vote for accessing this money for other purposes.

Mr. Morrill answered that this was tried with Open Space and Farm Land Preservation, but the Bond Bill is a super majority bill, so all we need to do is add epilogue language in the Bond Bill.

Ms. Goggin stated the hope is that there would be advocates like all of us persuading legislators to take that vote.

Representative Ronald Gray stated this year there is no money for Open Space and thinks maybe \$3 million for farm preservation. And they're both supposed to have \$10 million each, so some group has not been a good advocate of what is supposed to be done.

Representative Mulrooney mentioned that would be us as legislators.

Representative Gray confirmed well that would be us as legislators.

Ms. Goggin stated we would agree with that *All Laughed* and asked Representative Gray if she could quote him tomorrow at the JFC hearing.

Senator Townsend quickly stated YES *All Laughed*

Bruce Jones, American Council of Engineering Companies – Delaware, asked the “group of four” about fee collection. We have at least 2 municipalities that are currently collecting fees, and in the future, with MS4 permits on the horizon, we are going to have other municipalities that are going to have to collect fees. And there is an argument that it makes better sense to have the municipalities collect their own fees so they can address their own specific issues as it relates to MS4 permits.

Mr. Morrill stated they did not talk a great deal about that specific issue, but the existing bill has a deduction rate for communities that have storm water utilities, for example. We would support having an offset like this, whatever the percent is, because storm water is a part of what this Trust Fund would do. They feel it shouldn't exempt them completely but give them an accommodation for being a community that is collecting their own storm water funds.

Mr. Bross confirmed the deduction rate was 25 percent.

Howard Morrison, Associated Builders and Contractors, Inc., asked if the proposed legislation provided for any difference between large businesses that have 3 locations and a franchise business.

Mr. Morrill stated that is getting granular but gave an example of how a big business with multiple locations versus a franchise was going to be handled. For example, a big bank with multiple branches would be considered a large business, versus a franchise that operates as independent businesses, which would probably be considered a small business for each location.

Michael Riemann, Delaware Homebuilders Association, asked if the fee needed to be adjusted in the future would that be required to go through the legislature each time.

Mr. Morrill answered yes.

Mr. Riemann responded that then there are concerns. One concern would be the same as the Gas Tax, where you have a flat fee that is affected by inflation. Or the other side of the concern is that if we are successful and we clean up all the water ways and we repair them, then the question would be, “do we need that much money and should the fee go down?” How would a fee adjustment work?

Mr. Morrill felt that’s a question for the Chair. He also asked the Senator himself: if you lower a fee, does that take a 3/5th Majority?

Senator Townsend stated he is pretty positive you only need a simple majority vote to lower the fee. However, he wanted to note that if we are not tackling this in a robust kind of way then then the problems Mr. Morrill mentions is not going to be relevant anytime soon. *Chuckles*

The Senator referenced that the Task Force has talked once or twice at our prior meetings about how we are not tackling this as boldly as we feel we need to but that we know it can work. Ideally we would get to a place where we could complete a phase-out of the fee or make various reductions. So no, he does not think that we will be solving this so quickly to be putting a sunset provision in place.

Holly Porter, Department of Agriculture, stated she had two questions. Her first question was in regards to planning. Would the annual plan go the General Assembly? The second question was clarification to something she believes she might have misinterpreted concerning cover crops and some of their conservation benefits. With \$500,000 already in the Bond Bill, Ms. Porter wanted to know if the proposed water fee would be in addition to or in place of the current funds.

Mr. Morrill stated that their intentions were that existing funding would go through that same process and the list of project in WIAC would just be incorporated. So, the funding would stay the same. The advantages, however, could be that we could come up with nutrient trading scheme that WIC could put in place. Or, if we chose or AG chose, the WIC could agree to apply additional funding. As for non-cover crops, the intent was that putting more funding into cover crops would get us to cleaner water sooner.

Ms. Porter noted she just wanted to make sure. So, if AG is currently receiving funding from Bond, they would not get additional resources put into this set aside from this dedicated funding fee.

Mr. Bross stated no, there could be. It’s subject to priority. So, if cover crop is cost effective to cover types of water pollution then he feels it could go onto the priority list and get funded. However, when Ms. Porter says “Bond Bill,” it’s important to remember that the Bond Bill is discretionary each year, even though it might have been consistent in the past. Mr. Bross thinks one thing that we need to be aware of is for this to be a good sell to elected officials; we need to demonstrate to them it is going to help the State’s structural deficit. This can mean shifting some expenses from current general funds. For instance, he could see that the matching money

currently going to water and wastewater could be shifted. He emphasized “could be.” He also noted that shifting of the funds is up to the elected officials.

Secretary David Small, Department of Natural Resources and Environmental Control, wanted to note quick math to Ms. Porter’s mention of the \$1.5 million for conservation cost share for last year and the Governor’s recommendation for another \$1 million this year. We discussed the match for drinking water and wastewater. At the end of last year there ended up being another \$3 million that we added to the 21st Century Funds from Bond. He also noted that if the price of gas stays at the current level, which it probably won’t, we would probably in a normal year be at about \$14 million. Currently we are down \$7 million as a result of the price of gas going down. So, Secretary Small wanted to raise the broader question of what is the net sum ultimately needed in order to solve this. He feels Mr. Bross raised a good point. If we’re at maybe \$15 million annually and we’re backing out other obligations that have been some long standing ones of the Bond Bill, it may help build support for the legislation but where do you draw the line?

Senator Townsend wanted to make sure that he understood that if we are talking about these numbers and then talking about then backing out other items then doesn’t that get us farther and farther from actually covering the needed additional funds?

Mr. Morrill confirmed yes.

Mr. Killmer had a question, as he is representing the League and as an elected official himself. Assuming that this becomes law, there might be some concerns as to citizens paying year after year. He wanted to know when is it their turn as a community to benefit from it, as in regards to issues that are involved in that particular community. There are individual communities that put aside their own funds to cover their own water problems; they’re going to then also be putting in this fee and seeing nothing in return for their individual community.

Mr. Morrill stated that’s certainly possible but that he thinks this scenario is less likely. As an example today with Mr. Bross, right now we can make loans to communities and do, but there is no grant component. Having a grant component is often the way to be able to get something done. So with dedicated funding the WIC could apply a grant percentage to loans for communities that participate. There’s no guarantee but there is a chance, as this practice already exists.

Mr. Killmer said that it has been directly stated to coastal communities that they themselves will have to contribute way more money for beach replenishment. Beach replenishment would be added onto what is being proposed here, as obviously a separate issue.

Mr. Bross stated he does not think beach replenishment is envisioned as the same of any of these water programs. Now, resiliency might be a different story. We’re talking about a lot of money when we start talking about dropping the resiliency.

Senator Townsend noted that he appreciates the indirect acknowledgment of the importance of infrastructure and investment for our economy. He feels in timing with particular flooding that has already happened and with the hit we took recently, we have people reaching out and asking for help, and it would be nice if everyone who does that would be part of the conversation, acknowledging that we are all in this together, we all benefit as a political entity in the state of Delaware. We should approach it comprehensively and acknowledge that for us to thrive it involves investments and involves funds. Those connections are not made down in Dover with the General Assembly, all that often.

Roy Miller, Delaware Center for Inland Bays, told the “4 horsemen” they did a good job. *All Laughed* He noted the initial draft, as he further wanted to follow up on Mr. Killmer’s comments regarding flood abatement. He stated he did not see any language relating to flood abatement at all in the draft. The draft is pretty much focused solely on clean water, so he wanted to know the 4 horsemen’s thoughts on that and a legislative mandate.

Mr. Bross stated he thinks the intent is clear, as flood abatement has always been addressed and included. It had been discussed but they did not plan on altering what already exists. He noted WIAC had funded flood abatement programs now, to the extent that individuals ask for that funding. Some of them can certainly get loans as well. Remember this is a low interest loan, as we try to make it affordable too. Mr. Bross agreed that flood abatement is certainly key and noted that it is one of the subtitles on our Task Force.

Mr. Homsey wanted to point out that the equitable distribution or burden is going to be an issue. His example was why Sussex County should pay for something in Wilmington. So, he feels that outreach and education should be a component, because you’re trying to sell something that could be confusing, confusing to me, confusing to some of us. So he would like it to be very clear that this is what you’re doing it for, this is what it means, this is why it’s a good idea, and this is why. It’s really not that big of a burden but can be a tough road, so this should be included upfront.

Senator Townsend agreed with outreach and education. However, he wanted to clarify that he has heard from many constituents, as he has made a point to bring this issue up in his neighborhood meetings in New Castle County. They feel the opposite: that a lot of Delaware will pay into this fund yet a lot of the projects will be based in Sussex County.

Mr. Bross agreed to Senator Townsend’s statement regarding New Castle County.

Mr. Homsey wanted to clarify that he was not saying which, where, when, and that he wasn’t choosing to go there.

Senator Townsend stated he understood but he wants to go there. *Many Chuckled*

Mr. Morrill stated the current legislation does have a requirement of a percentage of fees raised in that County must stay in the County. We did not bring this up in our memo. However, just be aware there is a tradeoff when we do that. There's a comfort for people when there is a percentage of what they're paying for is going to be in their own County. But to the extent you do that, you "tie the hands" of WIC, in terms of meeting larger state-wide needs. Regardless of county you may need to supply a large amount of resources, so you don't want to extend too much for accommodations, but we do not oppose some rigidity.

Mr. Homsey wanted to make clear that he is just talking about education and outreach, "like why is this good for everybody."

Mr. Bross stated DNS has a good program doing that right now. He then directed to the Chair's point, we loan a lot more money to Sussex County than we do to anyone else right now and at low interest rates, so there is a benefit there. Remember also that the WIC is geographically structured for that very reason. There are people who advocate and apply science, and those individuals pay attention to that. Mr. Bross also noted that the WIC would have representation from all 3 counties.

Senator Townsend stated as long as people maintain an appropriate amount of focus on the political identity and cohesion of the entire state of Delaware, the framework should not be inherently a bad thing or wrong thing. Let's make sure there is a balancing act that is not overly corrected.

Senator Townsend also wanted to follow up on Mr. Morrill's point that if you inject geography as a requirement, then you're going to take away from the policy merits on funding projects in a different way, or to a different extent. So it might not just be a matter that we can fund this big project because the money is all locked up. Or, it might just be, we can't fund these 3, 4 or 5 smaller projects that we have money for but because we have to have geographic diversity, even though they are high up on the scale of environmental need, or economic impact. The Senator feels Delawareans in New Castle County need to understand the broader impact of benefits to Delaware of having economic dynamism, having a robust tourism and robust agriculture industry, but to Mr. Homsey's point, let's take the education campaign to the people. Let's make it very clear.

Mr. Homsey concurred that was his point, that many people will feel that they're paying for work to be done somewhere else.

Senator Townsend stated that there are plenty of people in New Castle County that will not understand the economic impact of Delaware having a vibrant birding industry. But the Senator feels that is the job of elected officials in Dover, to be able to understand it and to be able to explain it, so that will also be part of the education process for us. So we need to do a better job.

George Haggerty, New Castle County – County Executive, wanted to address Senator Townsend’s earlier comments. The integral piece is that we are trying to find ways to address financial needs for clean water. If you create a user tax of some sort, then we take away the use of planned monies that are being spent there. Then you really haven’t done much to raise money. So, we are really going to raise money 1 out of 3 ways because when you raise it, you are going to put it into a system that already collects money, as it is not creating a collection system.

- 1) A general tax on everyone, or
- 2) A property tax, or
- 3) A hook-on to a current bill that’s currently regenerated: where you can be sure you’re going to get the funds; in leveraging, to move over funds making this similar to the Transportation Fund.

Mr. Haggerty continued stating there’s a fine line that we have to walk and these decisions that will have to be made regarding funding. A simple way to do this is to remember that our community members in the state of Delaware should contribute to this fund if there is a benefit to everyone, and then let the decision maker figure out how to best spend that money. He is not saying this is a viable option or if there is a better option. If you own property or a community member then you should have to carry this burden. Mr. Haggerty stated that he got into a discussion with his daughter recently about going to Rehoboth and seeing the beaches. His daughter stated the people at the beach are just going to have to pay a tax. He questioned her with “That’s the solution?” and she replied “Yea, that’s the solution.” He then asked, “What about the hundreds of thousands of people who come and use the beach? Should they have any obligation”? She stated “No, it’s the people at the beach that should be taxed.”

Mr. Haggerty noted that you start to see the steps that you’re going to have to take and that, referencing the legislators in the room; they don’t have an easy job.

Senator Townsend agreed; and that’s why he has brought up DMV’s new rates versus the gas tax. He stated as the burden was brought mainly on Delawareans versus taxing everyone who buys gas in Delaware, which inviting our visitors to participate in sustaining Delaware’s infrastructure. The Senator further stated that would be another idea of adding tourism, via tourism taxes to the extent that people who come here and use the clean water of Delaware and contribute to the uncleanliness could help to some extent with funding water-quality initiatives. However, he feels that we will get to these types of details at a later part in the discussion.

Ms. Goggin mentioned that Ms. Cannon, who is the Task Force education advocate, couldn’t be here today but that Ms. Cannon’s passion has been about our education outreach. This outreach has been brought up numerous times. Currently Ms. Goggin’s understanding is that as a stand-alone effort outreach is not funded as part of WIAC. So she questioned if it could be included.

Mr. Morrill asked if it is in the bill.

Ms. Goggin stated “in my head it was” going to be an amendment *All Laighed* when Ms. Cannon brought it up originally, as Ms. Goggin thinks it is a fantastic idea.

Mr. Bross shouted out “\$47” *All Laighed*

Ms. Goggin continued by saying she feels William Penn is very supportive of our efforts now, and she thinks they would like to see more of those efforts from entities like DNS (Delaware Nature Society) who are not in the restoration business.

Ms. Goggin directed the conversation back to the issue of New Castle County paying for Sussex County when it comes to water. She then wanted to revert back to Mr. Haggerty’s point, as he hit on it. The trust and decision maker is a question at the local level. What New Castle County has put in place to protect water quality in general is not the same in the rest of the State. And, what New Castle County has done to prevent flooding is not the same in the rest of the State.

So we have residents who live south in Kent County and Sussex County saying “we have water quality problems” and “our elected officials are making the decisions that are causing these problems” and you have New Castle County residents saying “hey, we pay higher in property taxes,” and “we are involved in our local government and our local government has made those decision, so why should we have to pay for bad decisions being made in Kent County and Sussex County?” Ms. Goggin further noted she feels these points need to have an educational component and that the educational component needs to come from local decision makers as well.

Senator Townsend asked for any thoughts on Ms. Goggin’s statements.

Ms. Taylor stated she had a thought. She said she is not an elected official but if she was and she was sitting here, she would be very offended by this room making accusations that these elected officials are not making right decisions.

Ms. Goggin stated that was public comment she has received, including the feedback The Nature Society received from the polls in our presentation. That’s what she was reflecting, and noted she can’t speak for anybody else. When people are talking about the dialogue which Senator Townsend has brought up in his community meetings, those are constituents who are making those comments.

Ms. Taylor feels they have also made the same kind of comments about people that are in government. She mentioned that she is struggling with having a room here with certain elected officials who are quite behind this. But we have a lot of people in this room that gain a lot and have a lot to gain from the revenues coming into this fund. There are not many people in this room who don’t have a lot to gain from raising revenues. Ms. Taylor further stated, “And I do have a problem with an assumption that the people whom we elect, and the people whom my community elects, and the people whom Paul’s community elect, that they’re not doing a good

enough job.” In some cases they are and in some cases they are not. But she is not comfortable being a part of those accusations and told Ms. Goggin that she could speak for herself. She then informed the Senator that she wanted her comments noted.

Senator Townsend assured her that we would include her statement in the Meeting Minutes.

Ms. Taylor thanked Senator Townsend.

Senator Townsend then stated that he has done his fair share in criticizing elected officials as part of this Task Force as well. *Some Chuckles* He feels, politics aside, from a pure data driven, dollars and cents, investments now versus huge strategic costs later, perspective, that Delaware has serious shortcomings. The Senator also expressed that we are not doing a good job for the younger generation or even the current generation in terms of spending money. However, he made it clear, that it was only a personal opinion. He did note to Ms. Taylor that he appreciated her comments. However, he does think there are a lot of people who sometimes feel the way Ms. Goggin described. He also wonders what many of the Task Force members think we are doing in government. It seems to him that most everybody in Delaware is mad or frustrated.

Ms. Taylor responded that she still thinks there’s a view that those appointed to leadership in the State aren’t doing a good job either. Some are, some aren’t.

Ms. Goggin apologized if she offended Ms. Taylor, as she was only stating what was perceived in the polling and the reason that gets conversations going, at least in The Nature Society’s presentation as reflected in the polling. Part of the polling is to get the conversation started with focus groups. The polling and focus groups looked at what people felt in regards to solving the problem. A key issue is the trust of doing something with what resources there are, and not diverting them. A lot of that has to do with the media coverage around the Transportation Trust Fund and what happened there.

Ms. Taylor responded to Ms. Goggin, if you look at the survey and the way the questions are asked and the way they are answered, there’s a real misinterpretation of what the survey really said. She suggested others read it carefully. Of course everyone is going to be concerned about water; does everybody think their water is exactly as it should be? Ms. Taylor apologized that she could not place a lot of value on the survey and that she was stating the misrepresentation of the survey and how we use it as a Task Force. She’s mentioned that was Ms. Goggin’s project and that is what she got funding for and that Ms. Taylor struggles with the credibility of it. She further noted that this was nothing against Ms. Goggin personally. If questions are asked a certain way, you can get the answers you want. She reaffirmed that there is a lot to be gained by people in this room. She is not criticizing that, but she thinks it’s something to put on the table and to be straight up about.

Senator Townsend interjected, as sometimes in Dover it is split both ways and people will wonder why you have certain people in a room. He thinks at the end of the day, if the elected

officials are involved in the process and we are open and honest with our constituents, where we can actually answer their questions and show them that we've done the homework and have detailed and thoughtful answers to these questions, then that's about the best you can do in a diverse society. But he does not agree with the idea that we wouldn't have informed experts as part of the process, and he often asks his constituents if they want it to be different than that.

The Senator continued by noting we have people in the room who know what they're talking about, which then creates the unavoidable interests that Ms. Taylor is pointing out. He is not disagreeing with the way that this all works out; he just thinks it's an inherent part of having informed decision makers being part of that process. At the very least it's those elected officials who are in a decision making capacity with regards to this issue or any issue who need to be able to explain to constituents that we are not denying that, but here's why things are okay or why there are checks in the system, and here is why we did what we did. His experience is when that happens people do not tend to have a problem.

Mr. Haggerty said that the New Castle County has documents printed that say "Don't consume more than 1 fish per year" and "Don't swim in these waters." These are all the reasons why we're here. He remembers that after reading those warnings for the first time he thoughts "Wow, I can't believe we would even be bold enough to print that stuff, but it is a fact." Now, certainly as we start to wade into the details it becomes a little bit more about who gets what, how to get it, and how it's going to get done. He further noted, what's the trust level, what's the integrity level, and things of this nature. Mr. Haggerty thinks we need to stay focused on the task at hand and say when we can get passed being able to eat 2 fish, than maybe we'll be in a better place.

Ms. Taylor responded then let's go back to what's causing the fish problem. Where's that coming from? Where's the source? Where's the environmental protection to stop that first? Is it in our State or another state, or are we just kidding ourselves that we are just going to throw all this money into the river and clean up the fish without the environmental oversight? This issue goes beyond our State.

Ms. Taylor confirmed that she is right there with Mr. Haggerty. She loves fish and doesn't want farm fresh fish but wants wild caught fish. She would love to accomplish that, but doesn't see how this Task Force can accomplish it. She clarified that there are other areas that need to be addressed and she reiterated that rivers becoming swimmable and eating more fish is a joke.

She then went on to state that someone has the answer to that, but at this point it's about enforcing what we can enforce. We can clean the water, but it is all going downstream.

Mr. Haggerty responded there are some studies about the improvement of water coming in from Pennsylvania. He noted that he sat there a long time ago when Kevin Donnelly (sitting in for Robert Baldwin with the Conservation Districts) was at DNREC and he convinced my boss to go

to these meetings that Mission Control was establishing. There are little pieces that are starting to make their way into our regulatory process.

Ms. Taylor exclaimed that these dollars don't do it.

Mr. Haggarty expressed he would like to finish speaking. (Ms. Taylor apologized) He then referenced a comment he made in a prior Task Force meeting. In some cases we are ahead of the curve and in some we are still catching up. Then we have legacy problems and issues that need to be addressed. He feels the idea of collecting some funds and providing some bond money that can be leveraged against, as other members have mentioned, and catching up to some of those problems is not a simple process. However, we still have those problems that need to be addressed. We've seen all the studies, assessments, and reports that say that there are things that need to be done and funding is one of them. He noted to Ms. Taylor he didn't say nothing has been done.

Mr. Haggarty pointed out the other side is flooding, which needs some attention as well. New Castle County has bought out communities because of legacy decisions that were made telling builders it's okay to build in flood plains. And we are trying to address this currently and he noted that it is unnecessary that we still have these issues to clean up too.

Mr. Riemann asked to second Mr. Haggarty, being somebody who has invested in solving projects for the public and trying to get them approved. There is an education component that goes along with this. He gave an example of how recently he was explaining a project to some neighborhoods around a development and the folks would say "We already have drainage problems," thinking Mr. Riemann's project would just make it worse. The reality is, those developments were built in the 50's and we have drainage problems because those houses were built 60 years ago, when there were not rules and builders could do whatever they wanted to do. That's not the case now, and Mr. Riemann feels that is what Mr. Haggarty is trying to get at. So, moving forward we are talking about solving legacy issues. The new constructions follow with accreditations, whether they are sewer or flood plains, etc. He finished by noting this was an important piece for the Task Force to understand.

Senator Townsend noted we did discuss this issue at some level for about 15-20 minutes at one of the early meetings. He then wanted to address Ms. Taylor's question, as it reminded him of something he wanted to ask: "The idea of the plan part of this and item number 5 in the 4-horsemen presentation, how long do we think that would take to develop the clean water plan?" If needed the Senator even suggested "spit-balling" some ideas, now.

Mr. Bross responded that the plans are already in place for the water and wastewater side, and they are 5-year plans. They were created very rigorously and he sees the need for them to be updated regularly. Those 5-year plans would feed into the annual plan. Right now, the process

works pretty well, but it does need some strengthening on the surface water and flooding side. Mr. Bross noted we are taking steps to do that.

Senator Townsend asked for clarification that “we” was “WIAC.”

Mr. Bross responded that is accurate, at the present time. He noted he doesn’t see this piece being that challenging, as WIAC already has the process. We might need to tweak it a little bit and funnel it so it becomes an annual plan, as their priority list is already an annual plan currently. In regards to the transparency issue, Mr. Bross feels we’ll probably have to have more added to it, but we are prepared to do that.

Senator Townsend questioned the idea of having a priority list. Is it a list of all known projects that have been applied for?

Mr. Bross confirmed that is correct.

Senator Townsend clarified his question. Is the list supplemented at all with projects that you know exist but haven’t been applied for, or is it strictly for projects that have been applied for?

Mr. Bross reaffirmed only projects that have been applied for.

Senator Townsend noted that, in that sense, we need to include a whole lot of other things in the plan that haven’t been applied for.

Mr. Bross stated this is correct, and where you’re going to see that mostly is on the surface water and flooding water side. Looking back at the Task Force Governor Minner convened, there were a lot of suggestions made that ought to become part of this planning side emphasizing surface water. He really feels that wastewater and drinking water sides are pretty good and robust. He acknowledged that they started planning to put more rigor on the water side. WIAC was just given water to oversee from the last couple years, but we’re getting there. Mr. Bross does not see a problem with the planning side of this. They have the tools in place, and we already have a process, so in the end it’s just going to need some tweaking.

Senator Townsend asked how in a general sense this might align with the timing of efforts in regards to timing of the report and legislation. How quickly do you think a sort of sample or even a preliminary draft of a plan could come together? Would that be something that would come together by April or May or June? Or is this something that we could point to in various ways of existing resources and the kinds of ways of deliberations and policy making but not have it be unified as part of the sample plan?

Mr. Bross mentioned, hearing what he thinks he’s hearing, if it’s a fairly comprehensive plan then we’re not going to see it by April. Especially if we have some sort of process that is inclusive and transparent and touches the bases that need to be touched, that we would be

looking at 6 to 8 months, if he had to guess. He noted he was looking at his WIAC Vice-Chair, Hans Medlarz, sitting amongst the public for confirmation on time frame.

Hans Medlarz, public - Vice-Chair of WIAC, confirmed Mr. Bross's estimated timetable.

Ms. Taylor questioned Mr. Bross on his statement suggesting at the last meeting to put some parameters around just that, as to what really is this State's initiative.

Mr. Bross stated it's a good point.

Ms. Taylor indicated that somehow there's going to have to be more focus. For the next 3 to 5 years all of that can fall into the legacy, but she feels we just need to get down to specifics and how we do something meaningful.

Senator Townsend explained to Ms. Taylor that's where her comments triggered the part of the early proposal not getting flushed out.

Mr. Bross explained their plans so far are proactive in identifying the needs, but in terms of funding it ends up being reactive. For example, you bring us a need and we look at it, see how much it is going to cost and prioritize it. That's how we're going to spend the money and that's why my mindset is reactive. What you're talking about is a little more proactive. The 5-year outlooks that we do on wastewater are proactive. In other words it's still relying again on the people, whose day to day job is to plan for these things. And to Ms. Taylor's point we could use 2 or 3 times this amount of money and probably spend it effectively. The point is, there is a political reality. With some of the pieces we are making progress, and with this we will be able to make a lot more progress and possibly do it with the educational component. This would make it transparent for every citizen in Delaware and hopefully they can see not only what the effort is but the results and outcomes, too. The thing is we are not going to snap our fingers and just have clean water in 5 years.

Ms. Taylor noted there's one more thing, which is the reality check of how this gets funded. Who's going to collect these fees and what are you going to do when someone doesn't pay that fee? It is easy to sit in this room and say "that makes sense." Let's get down to the reality of making it real.

Senator Townsend agreed that these are important points and informed Ms. Taylor that will be sorted out to some extent in terms of legislative language, which is really during the legislative process. Not that those aren't important points for people to bear in mind, particularly in the sense of numbers and calculations provided by Mr. Esposito didn't account for people who aren't going to comply with the new law. One thing he's seen in Dover is that valid questions about challenges of implementation can lead to inaction on addressing the issue. We need to make sure we can acknowledge them, are aware of them, and can deal with them.

Mr. Morrill commented that just on the point of enforcement; we are a little concerned on both the water side and the wastewater side from DNREC's standpoints and collecting permits. He then referenced the General Assembly just passed a bill through the House on tax intercepts, which is a concept that could be applied to the DNREC piece of this too, whereby if there is no compliance then the State could at least withhold refund money. Since this could be a part of the enforcement Mr. Morrill is actually starting to feel better about the idea of possible enforcement.

He wanted to make a point about planning, as there are pieces that are still missing. Most of the people sitting around the table have been on various water related task forces in the past and we all keep coming back to the need, which is to do watershed studies. The flood plains, flooding, and drainage task force was looking primarily at Sussex County when delineating the flood plains, which he noted Mr. Haggerty was a part of as well. And we were just never able to muster the foresight or the funding to do those kinds of things. Studies came up just this past week involving storm water with the Regulatory Advisory Committee again talking about compliance problems and primarily being in Sussex County again.

While looking at Mr. Medlerz, Mr. Morrill feels that WIAC may be able to reduce some of the compliance burden on the private sector if you did these studies and find out where exactly your quantity problems are. So he feels this is an early project for WIC or WIAC to do that might actually reduce the burden we have going on.

Senator Townsend agreed, and noted again that members of the agricultural communities have adopted BMP's (Best Management Practices) and have not gone around looking for credit. The Senator then stated to beware of flying under the radar, lest it be assumed that you are not doing things well.

Mr. Killmer felt one of the points made needed to be taken into consideration. If you already have a set of plans to start out with and are just taking funds to address those issues, what about the rest of us, who haven't had a say? How are my and others' issues going to be resolved?

Mr. Bross responded that he feels there is going to be more expansion to do more things. The process WIAC has right now is a very public process; we publish our priority list, we have public hearings. He stated he does not want to brush Mr. Killmer's comments aside, but if people don't avail themselves of the process he can't force them to do that. Mr. Bross did want to follow up on the point that WIAC's money that is loaned and granted is spent pretty broadly. He believes throughout the State WIAC in the last 20 years has touched 85-90% of every citizen's life with a project the Council has funded.

Mr. Bross noted there are a couple pockets and we all know where they are, where public money tends not to see the light of day. But virtually, if you look at the Water Infrastructure Advisory Council and what they have done for the past 20 years, it's a lot. He offered to get the legislators in the Senate and the House the breakdown of projects in their specific districts.

Mr. Killmer clarified what he meant was there is going to be tension from a lot of people for the first time having to pay into something.

Mr. Bross acknowledged Mr. Killmer's statement was absolutely right.

Senator Townsend stated it is a good point to emphasize but feels it was addressed in the context and this is why it is not going to be ready to go until 6-8 months, or 12 months, or perhaps a compromise at 9 months. However, the Senator noted he like 6-8 months better *Chuckles* you have to pull the public in, so they feel confident. But you will still see time and time again, those who didn't avail themselves then show up at the very end to express why they object. He understands that when utilities go for rate increases and they have 3 county hearings, across the 3 counties they might have 5 people total show up from the public to actually talk about it. We try to set these things in place for transparency and accessibility and then it is quite sad when people make accusations that their input is not being accepted.

Mr. Killmer noted he's the Vice-Mayor of Bethany Beach and we're in the process of granting storm water relief emergency funding and finding a funding mechanism. We study what happened to Sandy along the New Jersey coast and we saw a lot of these smaller communities were devastated and didn't have the resources to even borrow money. So we are trying to be proactive and Mr. Killmer feels that most people are starting to realize that towns need to also start taking on some of the responsibility for their own towns' costs.

Senator Townsend stated if it takes seeing battered beaches for that to happen then so be it. Another example is in the school districts and regarding referendums. They have meetings all over the place and very few people come and then many might vote No. It can be hard for decision makers to find out how people really feel if it is difficult to reach them and solicit their input.

Secretary Small wanted to touch on a few things that have been raised and possibly close his remarks with a question. To the subcommittee – he likes the 4 horsemen – but noted he's not sure if that is in association with the Notre Dame Football team or the Apocalypse *All Laughed*

Ms. Taylor rightfully raised the point of oversight and enforcement. What clearly feeds into a plan is monitoring and assessment, and those of us who work in this world are trying to bring as much science as we can to inform policy decisions. He noting it's not easy and it's expensive. He wanted to be clear on the boundaries of this discussion on where this funding goes. He knows that Ms. Goggin and others have raised the idea of Education and outreach as a worthy expenditure, potentially. Beyond that, what informs a plan? The WIC is a group of voluntary citizens. Somebody has to help them write a plan, which will probably be some of our DNREC employees and maybe others around the room. The Secretary further noted that such a plan doesn't come for nothing.

Separate from the discussion of infrastructure, which he feels is still part of the discussion we are talking about: Yes, it's a legacy issue of contamination that the Task Force is dealing with and we're always going to try to catch up to that. We are trying to accelerate our ability to capture that with additional funding. However, we are funded by general funds, which quite frankly is subsidized by fees that we collect. As part of what we put together AG, DNREC and Public Health, we identify operational dollars that are outside that capital investment, which he feels we've really been focused on. If that's where we need to stay with this discussion, he's okay with that. He just wanted people to recognize that there are costs to doing all the things that were talked about and beyond just making investments in infrastructure. We need to monitor, we need to know how these investments are paying off from a water quality standpoint. That is part of the accountability; it's not just having term limits for members of WIC. The accountability ultimately rest in the samples of water.

The Secretary thinks we are at a point where we can start sharing. He noted that next week he will be talking to the Joint Finance Committee about fees. Mr. Unruh, Ms. Porter, Ms. Bakerian and Ms. Holtz, we have a lot of uneasiness, and not to pick on you because there are other subsidies out there. Large irrigation wells do not have a permit application fee, it is done for free. Personally he feels that's a bit uneven. As a residential person who pays a permit fee for a well, it's time we start having that conversation. There are others: subaqueous land fees, for example. If you're a private waterfront property owner in the state of Delaware, you have the right to wharf out and pay a fee of \$225 for a subaqueous lease, which gets you 10 years of dock space over public subaqueous land. Is that a reasonable amount of money?

We are going to have to pursue other revenue streams to keep up with technology. He would love for people to submit their permit applications online. It would be more efficient and provide a better database. So if we are not going to eliminate the subsidies we get and WIAC has been complaining about, rightfully so for years, stating that we are probably around \$600,000 or more (Mr. Bross confirmed \$700,000) because we subsidize our permit program because we don't have enough money, he wants to make sure it is recognized as a real cost for developing plans, spending money, and making sure those investments are done in a meaningful way, reaping environmental results we are all hoping for.

Ms. Goggin noted that Secretary Small did a really good follow up to Ms. Taylor's point about enforcement and what is included in this, because we haven't discussed that. This is a model and we've looked at the property tax for better or for worse, but at least we already had enforcement in place, as we collect property taxes already. But how would you and do you have the capacity as a staff to enforce something like this? And, if keeping the administrative cost to 5% does a disservice, if those statistics are correct in that there are 74,000 statewide septs and only 45,000 of them are permitted, the argument could be made for capacity that enforcement is not there.

Secretary Small stated it is a challenge and that he did not have that answer for Ms. Goggin. Partly because for the inspection of onsite wastewater systems, for example, we have converted

to a model we feel can rely on the private sector. We license inspectors who have to be certified and they have to maintain a certain number of credit hours in order to be able to do that. We can have a discussion about that being the right approach. But honestly, he does know that going to the General Assembly and saying that he needs 20 more positions to inspect these non-permit septic systems all around the State is not going to get a lot of traction. Towards Ms. Goggin, going back to her question, he does not know, since the systems predates themselves and DNREC does not have those records. It would be hit and miss and we would have to add some capacity to collect it. He does not know beyond that.

Ms. Taylor asked Secretary Small, if he doesn't get the funding from JFC then would he expect to get his funding from this WIC funding mechanism?

Secretary Small *Chuckled* stating that was his question. He thinks this group does a good job thinking practically and that the funding will have to come from a combination of sources. We'll have to eat up the services of user-pay and access through natural resources for water and pay to impact those water ways to get a more equitable system. But he feels it is a pretty good deal right now. He noted if this becomes a real thing through legislation and goes before the General Assembly, regarding those additional dollars used for some of the work to identify in this plan, there might be another way to get some of this funding if there's interest that can funnel back through loans, part of which goes back to the Public Health department. Our agency (DNREC) can do some of the assessments. Maybe that gets us there, but he doesn't have the answer at the moment.

Senator Townsend stated yes, but it's part of the broader conversation about acknowledging services that government provides and making a positive impact on society. He then used this day as an example, since it was snowing. How much more difficult would commerce be if we did not plow the roads quickly and effectively? Yet we don't typically hear people acknowledge this at all. You about DelDOT employees being a drain, but in truth they are helping to facilitate economic exchange. He noted he was not asking the Secretary of DelDOT to give a pitch about the Task Force during his JFC presentation, but it all relates, it's all a part of the same mentality that he thinks is pervasive regarding not acknowledging the broader societal benefits and growth benefits of these important government services.

The Senator noted a comment made by a Task Force Member from a few months ago after a meeting about how impressive the DNREC staff was in regards to scientific background and how impressive they were in talking on their topics. Again, it was the kind of thing where people are not aware of these public benefits and important skills, which is unfortunate to see, as we all lose out as a society when there is a lack of awareness and confidence about public employees. He wished the Secretary good luck for tomorrow but also in this broader effort, with this Task Force and others that are trying to change the way we think in Delaware.

Mr. Esposito noted the importance of going back to the philosophy of putting this possible program together on the table, so this group can decide if going after 73,000 septic systems out of 330,000 is even worth the effort. That is why we did the buckets the way we did. If we need to decide politically or financially it's impossible to do then we need to decide to make it up some other way, even though we would lose the equity. So it was presented to this group so that we could all decide that collectively. If we decide we want to go with Mr. Unruh's position and do it from the water side then we don't have to worry about doing it from the septic side and would look at the well permits. In Mr. Esposito's opinion, that database is more robust, accurate and easier to implement. No matter what, it's not going to be easy, as someone is still going to have to assess a fee in some fashion. But in the scheme of things it's a fraction of overall water users in the State, recognizing we are going to spend 90% of the energy to get 10% of the revenue.

Mr. Medlarz stated that in regards to a database, there are two ways to go about it. DNREC is one database and we have tried that before. Or, we could go with the Assessment database and correlate on the GIS (Geographical Information System) basis of the improvements against the ones that have sewer counts already; you get a very accurate number on both public water and private water and public sewer and private sewer. So we can get very close using the county information. Secondly, if you were to exclude the septic system, please keep in mind the users of the public sewer systems are already paying for compliance so they don't pay for it twice being a user of the public sewer system.

Mr. Morrill wanted to follow up on Mr. Medlarz's comments. We have 2 of the largest sewer providers in the State here and 2 of the largest private water providers here on this Task Force. He would be curious to hear from them the pros and cons on the sewer side and water side, to the extent that we are going to rely on those entities to perhaps collect this fee.

Senator Townsend asked those members if they had any initial thoughts on that.

Mr. Esposito stated in regards to wastewater you have the 3 counties that are the big players. You get a big chunk that way, even though you have Tidewater, Artesian and United and they are large players as well, but it doesn't add up to the 3 counties combined. He doesn't know what perspective that gives but if you're trying to minimize the number of people collecting you have 3 big entities there, dealing with the implementation and politics of that.

Mr. Morrill wanted to interject to that thought. No matter what path you go with you have legislation that is adopted by the General Assembly mandating this fee and then looking at others to collect it.

Mr. Esposito gave an example: So each town has a water system that would presumably be the same fee. They might call it something different but they are then responsible for collecting a fee.

Mr. Morrill noted there could be just a one-line sentence in the legislation making this specific.

Mr. Reimann questioned how specific is this Task Force trying to be in terms of recommending how the fee is actually collected? Are we giving options, like the Transportation Trust Fund Task Force, with pros and cons with each of those options and letting the legislatures choose?

Senator Townsend stated that, speaking for himself only, he would like to have this informed group of people think through the pros and cons and actually recommend what we believe to be the best approach. We can note in the Final Report why it was selected and what other considerations there might be. But he feels we will put forth a very detailed recommendation of information and legislation that the General Assembly could pick up and run with. The legislation would still go through its regular committee process but at the very least would be a very informed, deliberative, thorough approach to trying to get this right.

Mr. Homsey stated he had a comment for consideration based on Secretary Small's statement earlier about O&M once a BMP is in place. It is going to require maintenance, and whoever is responsible for maintaining it is going to assume some burden, for some horizon or utility. For example, the University of Delaware and the work they have done with William Penn and their funders as they are doing projects to determine how to maintain some of these implementations.

Mr. Morrill stated they specifically already included it with the idea of the WIC covering operations and management.

Public Comment

Senator Townsend noted that no one from the public signed up to give comment. With the weather (as it was snowing) he would like to adjourn unless someone has a heart wrenching comment. Seeing none, he announced the next meeting date for February 22, 2016 at the same place and time. Noting that there was not an official vote but feels that this might be something that most can agree on and that is palatable, he proposed that the Task Force picks up with the conversation there at the start of the next meeting, perhaps with draft legislation, which will be circulated as revised to reflect what we have all talked about today. He then asked for any thoughts, concerns, or suggestions.

Ms. Taylor stated again that she had one for the record: there might be a consensus but it should not include her in terms of collecting a fee, specifically if the county is going to collect fees, as that was never addressed. Is there any incentive for the counties to collect a water fee?

Senator Townsend asked if she was talking in terms of operational considerations.

Ms. Taylor clarified, administratively. It was suggested that a middle person be the one collecting this fee. Are counties willing to do this?

Senator Townsend stated he cannot speak for the counties at all, but noted if collection is a requirement by law, that it happens. (A member shouted out – all in favor) *All Laighed* The Senator then noted to Ms. Taylor that he understands and directed that he was happy to include

pros and cons, what's unanimous and what's not, and to have that discussion take place at the next meeting, as it is a conversation that needs to be had to start structuring the Draft Report.

The Task Force meeting was adjourned at 4:02 p.m.